



County of San Diego

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TO: Supervisor Ron Roberts, Chairman
Supervisor Greg Cox, Vice Chairman
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Supervisor Pam Slater-Price
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FROM: Walter F. Ekard
Chief Administrative Officer

HIGHLIGHTS OF THE GOVERNOR'S PROPOSED FY 2012-13 STATE BUDGET AND POTENTIAL COUNTY IMPACTS

On January 5th, Governor Jerry Brown unveiled a budget proposal aimed at addressing an estimated \$9.2 billion state budget shortfall – consisting of a current year deficit of \$4.1 billion that would remain at the end of FY 2011-12 absent any budgetary action and an additional \$5.1 billion shortfall in FY 2012-13. The budget deficit in January 2011 was \$26.6 billion.

For FY 2012-13 the Governor outlines \$10.3 billion in proposals for addressing the \$9.2 billion deficit and for providing a \$1.1 billion reserve. The Governor's Proposed Budget attempts to address the budget gap through expenditure reductions, funding shifts and tax increases, which he hopes California voters will approve in November 2012. The Governor's ballot measure includes temporary increases of personal income tax on the state's wealthiest taxpayers and a temporary increase of the sales tax by one-half percent. The Governor estimates his tax measure will generate \$6.9 billion however the State's Legislative Analyst Office stated recently that the measure would raise only \$4.8 billion.

In the event that the tax measure fails to win voter approval in November 2012, the Governor's Proposed Budget contains \$5.4 billion of additional cuts affecting education and public safety that would be triggered on January 1, 2013. The areas the Governor's Initiative hoped to protect would be the ones most impacted by these trigger cuts. It is unknown if this strategy will inspire support for his ballot proposal or whether the State Legislature will approve another budget that contains trigger cuts. The trigger cuts that were contained in the FY 2011-2012 Budget created a great deal of uneasiness among legislators, which might influence their willingness to embrace further trigger cuts in the FY 2012-13 Budget.

The Governor's tax measure proposal also contains a constitutional amendment that he states would guarantee a stable funding source to fund counties impacted by 2011 Realignment. The amendment is silent on whether the funding will be enough to cover 2011 Realignment in future years. In addition, the

Governor states in his proposed budget document his continued commitment to a constitutional amendment that would protect revenue dedicated to 2011 Realignment.

While the Proposed Budget notes the revenue for 2011 Realignment is on-going, current program allocations are for FY 11-12 fiscal year only. The allocation for future years is expected to be worked out among county Chief Administrative Officers, the California State Association of Counties and the Governor's Office in advance of the May Revise. In his Proposed Budget, the Governor states his continued commitment to a constitutional amendment that would protect revenue dedicated to 2011 Realignment.

The Governor's Proposed Budget also contains a cut of \$1.4 billion to CalWORKs and the repeal of several state mandates that the Budget states would save nearly \$1 billion. Additional components of the Governor's Proposed Budget include the elimination of 48 state boards, commissions and departments.

The attached document includes highlights of the Governor's proposed FY 2012-13 state budget and potential impacts to the County of San Diego.

Respectfully,

A handwritten signature in black ink, appearing to read "Walter Ekard", written in a cursive style.

WALTER F. EKARD
Chief Administrative Officer

Attachment

cc: ACAO, CSG, FGGG, HHSA, LUEG, PSG, CNL, CLK, OSIA

**GOVERNOR'S PROPOSED FISCAL YEAR 2012-13 STATE BUDGET
POTENTIAL IMPACTS ON THE COUNTY OF SAN DIEGO**



MISCELLANEOUS BUDGET

State Budget Deficit (*Governor's Proposed Budget Summary, Page 1*)

- California is projected to face a budget gap of \$9.2 billion. The gap is made up of a current-year (FY 2011-12) shortfall of \$4.1 billion and a budget year (FY 2012-13) shortfall of \$5.1 billion.
- The Governor's Proposed Budget outlines \$10.3 billion in proposals for addressing the \$9.2 billion deficit through expenditure reductions, program eliminations, and a ballot measure that would ask California voters to raise a number of taxes in November 2012. The remaining \$1.1 billion in solutions would leave the state with a reserve at the end of FY 2012-13.
- In January 2011 the State of California faced a budget shortfall of \$26.6 billion.

Accelerated Timeline (*Governor's Proposed Budget Summary, Page 8*)

- The Governor's Proposed Budget assumes legislative enactment by March 1, 2012 of several of his proposals, including plans for cutting and revising CalWORKs.
- State Senate President pro Tem Darrell Steinberg has indicated that he does not support any early action by the Legislature on any of the proposed cuts until the tax revenues from the spring have been counted. (*Los Angeles Times, January 6, 2012*)

Tax Increase Initiative (*Governor's Proposed Budget Summary, Page 8*)

- The Proposed State Budget assumes the passage of the Governor's proposed tax revenue initiative that he is seeking to have placed on the November 2012 Ballot.
- The initiative includes temporary tax increases of personal income tax on the state's wealthiest taxpayers and temporary increases of the sales tax by one-half percent.
- The Governor's Proposed Budget states that the measure guarantees the new revenues to schools and constitutionally protects 2011 Realignment funds for public safety.
- The Legislative Analyst indicated on January 9, 2012 that the Governor's Ballot Initiative over estimates the potential revenue that the measures would raise by \$2 billion.
- The initiative will provide constitutional protection for revenues dedicated to 2011 Realignment. State Assembly Budget Committee Analysis of the Governor's Proposed Budget notes that this initiative would "shield local governments from some future costs, as well as provide mandate protection for the state."

Trigger Cuts (*Governor's Proposed Budget Summary, Page 8*)

- If the ballot measure fails to win approval by California voters in November 2012, the Governor's Proposed Budget specifies \$5.4 billion in cuts that would be implemented on January 1, 2013.
- Nearly 90 percent (\$4.8 billion) of the proposed trigger cuts are targeted to schools and community colleges.
- Among the proposed trigger cuts that might have an impact to the County include:
 - A 10 percent reduction to the CalFIRE budget. (**See Public Safety section of the document**)
 - A \$125 million reduction to the judicial branch.

Realignment (*Governor's Proposed Budget Summary, Pages 9-10*)

- The Governor's Proposed Budget continues the plan that began in 2011 of moving government closer to the people through the 2011 Realignment that shifted public safety programs to counties.
- The Governor's Proposed Budget anticipates a permanent funding structure and revenue allocation mechanism for realignment.

Reducing Waste and Redundancies in Government (*Governor's Proposed Budget Summary, Page 11*)

- The Governor's Proposed Budget seeks to eliminate or consolidate 48 boards, commissions, programs and departments. The remaining agencies will be significantly reorganized in an attempt to simplify the government's delivery of services for the public.
- Each section of this document will identify the Reorganization of State Government that potentially impacts or affects the County.

Suspend/Repeal State Mandates (*Governor's Proposed Budget Summary, Pages 160-161*)

- The Governor's Proposed Budget suspends various mandates except for most mandates related to law enforcement or property taxes. Consistent with the Governor's focus on streamlining government and providing local flexibility, the Governor's Proposed Budget proposes to repeal dozens of the approximately 50 mandates that have been suspended for the past two years or more. This proposal will result in a decrease of \$728.8 million General Fund in 2012-13.
- Each section of this document will identify the State Mandates suspended or repealed that potentially impact or affect the County.

COMMUNITY SERVICES

Redevelopment (*Governor's Proposed Budget Summary, Pages 163-164*)

- Pursuant to Chapter 5, Statutes of 2011 (ABx1 26) and as recently upheld (December 29, 2011) by the State Supreme Court, Redevelopment Agencies (RDAs) will be dissolved February 1, 2012 and replaced by locally organized successor agencies charged with retiring outstanding debts and legal obligations. The elimination of RDAs is projected to generate an additional \$1.05 billion of property tax revenue at the state level which will be used to offset the state's Proposition 98 General Fund Obligation. Remaining revenues will be distributed as property taxes among cities, counties, school and community college districts, and special districts under existing law.
- Property tax revenues are estimated at \$340 million for counties. This amount is expected to grow over the coming year as RDA debts are retired and property values increase.
 - County Impact
 - Termination of RDAs will result in the elimination of expediting and waiving permit processing fees for development projects in redevelopment areas. Currently, Upper San Diego River Improvement Project (USD RIP) staff expedites the processing of discretionary land use permits within the redevelopment area. Therefore, the elimination of USD RIP's permit expediting and fee waiver program may slow development and or displace development to other areas.
 - Impact on property tax revenue distribution is unknown.

Suspend/Repeal State Mandates (*Governor's Proposed Budget Summary, Page 160*)

- The Governor's Proposed Budget would suspend most mandates not related to law enforcement or property taxes, including election-related mandates. Election-related SB 90 claims are for voter registration, absentee ballots and permanent absentee voters.
 - County Impact
 - Estimated \$1.5 to \$1.8 million in lost revenue per year.

Reorganization of State Government (*Governor's Proposed Budget Summary, Pages 23-24*)

- The Governor's Proposed Budget eliminates, consolidates and restructures a number of state agencies. Among those slated for changes include the following:
 - Transfer of the functions of the California Housing Finance Authority (CalHFA) to the Housing and Community Development Department (HCD).
 - HCD will be moved from the former Business, Transportation and Housing Agency to a new agency- the Business and Consumer Services Agency.Unknown County Impact

FINANCE AND GENERAL GOVERNMENT

Suspend/Repeal State Mandates (*Governor's Proposed Budget Summary, Page 160; Governor's Proposed Budget Detail, General Government, Section 8885*)

- The Governor's Proposed Budget suspends most mandates not related to law enforcement or property taxes, including three that may impact Finance and General Government.

County Impact

- Potential loss if the mandate reimbursement process remains on the list of suspended mandates. Reimbursement totaled \$14,623 in FY 2009-10.
- Potential loss if Open Meetings Act/Brown Act Reform mandates remain on the list designated for suspension. Reimbursements totaled \$65,491 in past claims filed by the County.
- Potential loss if Senior Citizens Property Tax Postponement remains on the list of suspended mandates. Reimbursement totaled \$34,018 in FY 2008-09.

Deferral of Pre-2004 Mandate Obligations (*Governor's Proposed Budget Summary, Page 161; Governor's Proposed Budget Detail, General Government, Section 8885*)

- The Governor's Proposed Budget defers the 2012-13 payment for mandate costs incurred prior to 2004-05, which are statutorily required to be completely paid by 2020-21.

County Impact

- The state currently owes the County more than \$34 million in pre-2004 mandate payments.

Reorganization of State Government (*Governor's Proposed Budget Summary, Pages 23-32*)

- The Governor's Proposed Budget eliminates, consolidates and restructures a number of state agencies. Among those slated for changes include the following:
 - Consolidation of the departments of General Services, Human Resources, Technology, the Office of Administrative Law, the Public Employees' Retirement System, the State Teachers' Retirement System and the newly restructured Department of Revenue, as well as the State Personnel Board and the Government Claims Board, into the Government Operations Agency.
 - Transfer of the Infrastructure Bank, the Film and Tourism Commissions, the Small Business Centers and the Small Business Guarantee Loan Program to the Governor's Office of Business and Economic Development.
 - Elimination of the Commission on the Status of Women.
 - Elimination of the Occupational Safety and Health Standards Board, with its functions transferred to the Department of Industrial Relations.

HEALTH AND HUMAN SERVICES

Realignment (*Governor's Proposed Budget Summary, Pages 71-80*)

- The 2011 Realignment implementing statutes enacted last year contained program allocations and an account structure for the 2011-12 fiscal year only. The 2012-13 budget proposes an ongoing funding structure for 2012-13 and beyond, for both base and growth revenue.
- Under health care reform counties will have a significant role in Medi-Cal eligibility determinations. The focus of the Phase 2 Realignment discussion with counties and others will revolve around the appropriate relationship between the State and counties in the funding and delivery of health care, as about 2 million people will shift from county indigent programs to the Medi-Cal caseload. This discussion will also involve what additional programs counties should be responsible for when the State assumes the majority of costs for healthcare.

Unknown County Impact

California Children's Services (CCS) (*Governor's Proposed Budget Summary, Page 109*)

- The Governor's Proposed Budget aligns income eligibility requirements for the Medical Therapy Program (MTP) with the California Children's Services Program. Currently, there is no financial test for MTP eligibility. Under the proposed eligibility standards, families with annual income less than \$40,000 or with annual CCS-related medical expenses exceeding 20 percent of their annual income will continue to be eligible for MTP. This is consistent with the eligibility requirements currently in place for all other CCS benefits. (\$9.1 million State funding reduction in 2012-13 and \$10.9 million in 2013-14)

Local Impact

- Anticipate a minimal reduction in the number of children eligible for MTP.

CalFresh (*Governor's Proposed Budget Summary, Page 119*)

- The Governor's Proposed Budget creates a State benefit to increase support for low-income working families. Beginning July 1, 2013, the State would provide working families receiving CalFresh benefits or child care, but who are not in the CalWORKs program, with a \$50-per-month supplemental work bonus.

County Impact

- The inclusion of these individuals would improve the County's work participation rate, decreasing the risk of penalties.
- Program eligibility changes would require CalWIN automation reprogramming.

Local Impact

- An unknown number of CalFresh recipients would be eligible for this supplement.

CalWORKs (*Governor's Proposed Budget Summary, Pages 118-120*)

- The Governor's Proposed Budget makes significant changes to the CalWORKs program and includes \$1.4 billion in cuts, including the following:
 - CalWORKs Basic Program: This program would serve families moving towards self-sufficiency by providing up to 24 months of welfare-to-work services, with a reassessment of the recipients' progress after 12 months. Effective October, 2012, clients not participating in sufficient hours of unsubsidized employment would be placed in the CalWORKs Basic Program and would be required to participate in welfare-to-work activities. Clients unable to meet federal work participation requirements after 24 months, or cases in sanction status for more than three months would be disenrolled from CalWORKs.
 - CalWORKs Plus Program: This program would serve those clients working enough hours in unsubsidized employment to meet federal work participation requirements. Effective April, 2013, this program would reward clients who meet the federal work participation requirements with a higher grant level by allowing them to retain more of their earned income through a higher income disregard. For a family of three, this would equate to an average increase of \$44 per month. These benefits would continue for up to 48 months after which the adult would no longer be aided but the higher earned income disregard would remain available if employment continued.
 - All currently aided eligible adults not meeting federal work participation requirements would be eligible for up to six months of welfare-to-work services and child care following the October, 2012 implementation of the CalWORKs Basic Program.
 - Child Maintenance Program: Beginning in October, 2012, the State would create a new Child Maintenance Program to provide for child well-being through basic support to children whose parents are not eligible for aid under the restructured CalWORKs program. The grant for this program would be less than the current amounts available for child-only cases. This proposal would decrease the average monthly grant for child only cases from \$463 to \$392. Children would be aided as long as they meet eligibility criteria, including a new requirement to participate in an annual well-child exam. Recipients who meet the federal work participation requirements and who have not exhausted 48 months of aid could re-enter the CalWORKs Plus Program.

County Impact

- The Governor's Proposed Budget contains a reduction in the Single Allocation funds which includes the County's allocation for the administration of the CalWORKs program, providing Welfare-to-Work and Child Care services and payments. HHSA will continue to monitor this item for details on the reduction.
- Program eligibility changes would require CalWIN automation reprogramming.

Local Impact

- As of October 1, 2012, it is anticipated that an estimated 11,200 adults active on CalWORKs would have exhausted 24 or more months on aid and would be removed from the program.
- Currently, there are approximately 12,000 child only cases with an average grant amount of \$474 that would be affected by the reduction of benefits associated with implementation of the Child Maintenance Program.

Child Care (*Governor's Proposed Budget Summary, Pages 138, 144-146*)

- The Governor's Proposed Budget replaces the current three-stage child care system for current and former CalWORKs recipients with a child care system administered by counties. In 2013-14, the eligibility and payment

functions would shift from alternative payment programs and Title 5 centers to counties. All eligible families would receive a voucher for payment to a provider of their choice. This would shift responsibility for the administration of services for approximately 142,000 children from the State Department of Education to counties.

County Impact

- An unknown number of recipients currently serviced by the Department of Education would shift to County responsibility, as would the associated workload.

Healthy Families (*Governor's Proposed Budget Summary, Page 111*)

- The Governor's Proposed Budget proposes transferring approximately 875,000 Healthy Families Program beneficiaries to Medi-Cal over a nine-month period beginning in October, 2012.

County Impact

- There are approximately 71,450 individuals enrolled in the Healthy Families program which is administered by the State. These individuals would be transferred to the County's Medi-Cal program, which would increase workload.
- Currently CCS has an average of 16% of its clients being covered under the Healthy Families Program. There is a potential savings in CCS as HHSA incurs a 17.5% share of cost associated with Healthy Families clients while incurring no share of cost for clients covered under Medi-Cal.

Local Impact

- This proposal may make it difficult for Medi-Cal recipients to find a medical provider due to the increased pool of recipients.

In-Home Supportive Services (IHSS) (*Governor's Proposed Budget Summary, Pages 120-122*)

- The Governor's Proposed Budget eliminates domestic and related services for recipients in shared living arrangements where these services can be met in common with other household members or where minor recipients are living with an able and available parent. Those recipients living in shared arrangements where all roommates are IHSS recipients would not be affected. (\$163.8 million State funding reduction in 2012-13)

County Impact

- Elimination of domestic and related services in shared living arrangements may result in County savings. The exact composition of shared living arrangements are unknown and a number of cases where services are decreased could be overturned.

Local Impact

- Elimination of domestic and related services in shared living arrangements may impact approximately 14,500 recipients beginning July 1, 2012.

- The Governor's Proposed Budget begins to phase in over a 12-month period, starting in January 1, 2013, Medi-Cal funded IHSS, other home and community based services and nursing home care as managed care benefits. The IHSS program would operate as it does today but IHSS benefits will be a part of managed care plan rates.

County Impact

- Unknown impact. Over time, managed care plans would take on increasing responsibility for home and community-based services including IHSS.

- The Governor's Proposed Budget plans to expand the number of pilot projects for seniors and persons with disabilities who are dual eligible to Medicare and Medi-Cal. These projects would include medical services, skilled nursing, as well as home and community based care including IHSS.

Client Impact

- The approximately 25,000 IHSS recipients are all Medi-Cal eligible and would be under a managed care plan.

County Impact

- The Governor's Proposed State Budget contains a reduction to counties' allocations for the administration of the IHSS program. HHSA will continue to monitor this item for details on the reduction.
- A 20 percent across-the-board reduction in IHSS hours was to be implemented January 1, 2012. Because of a court injunction, the state currently is prevented from implementing this reduction. The Governor's Proposed Budget assumes this reduction will be implemented April 1, 2012; however, funding is set aside to fully fund the IHSS program in the event of an adverse court ruling.

Medi-Cal (*Governor's Proposed Budget Summary, Page 108*)

- The Governor's Proposed Budget expands Medi-Cal Managed Care statewide starting in June 2012.
- The Governor's Proposed Budget establishes an annual open enrollment period for beneficiaries to select their Medi-Cal health plan and receive care through that health plan for the entire year. Current law authorizes Medi-Cal beneficiaries to change plans once per month or up to 12 times in a year. (\$3.6 million State funding reduction in 2012-13 and \$6 million in 2013-14)

County Impact

- HHSA will continue to monitor but no anticipated impact at this time.

Reorganization of State Government (*Governor's Proposed Budget Summary, Page 103*)

- The Governor's Proposed Budget eliminates, consolidates and restructures a number of state agencies. Among those slated for changes include the following:
 - The Departments of Mental Health and Alcohol and Drug Programs: The Governor's Budget provides the plan for completing the elimination of the Departments of Mental Health (DMH) and Alcohol and Drug Programs (DADP) and consolidate them with other departments.

Unknown County Impact

- Managed Risk Medical Insurance Board: The Governor's Proposed Budget eliminates the Managed Risk Medical Insurance Board (MRMIB) which administers five programs that provide health coverage including Healthy Families and the County Health Initiative Matching Program. Their functions will be transferred to other departments.

Unknown County Impact

LAND USE AND ENVIRONMENT

Beach Water Quality Monitoring Program (*Governor's Proposed Budget Detail, Environmental Protection, Section 3940, Page EP 3*)

- The Governor's Proposed Budget allocates \$1 million for the Beach Water Quality Monitoring Program. The passage and chaptering of 2011 Senate Bill 482 (Kehoe) allows the use of \$1.8 million of fees to fund beach water quality monitoring programs. While it was determined that \$1.8 million was the amount needed to fund all of the monitoring efforts by local environmental health agencies in the state, the State Water Resources Control Board is only being allocated \$1 million. It is unknown what San Diego County's share of the funding will be.

Unknown County Impact

Pest Detection, Plant Health and Pest Prevention (*Governor's Proposed Budget Summary, Pages 159-160; Governor's Proposed Budget Detail, General Government, Section 8570, Page GG 3*)

- The Governor's Proposed Budget includes a potential \$2.4 million funding reduction to counties for performance of pest trapping and incoming shipment inspection activities, including inspection of incoming shipments of plants, fruits, vegetables and conveyances at destination points throughout the state. This reduction in funding for inspection could result in more pest outbreaks and the potential for additional quarantines for crops in San Diego County.

Unknown County Impact

Reorganization of State Government (*Governor's Proposed Budget Summary, Pages 23-32*)

- The Governor's Proposed Budget eliminates, consolidates and restructures a number of state agencies. Among those slated for changes include the following:
 - The proposed changes to state governmental agencies related to the Land Use and Environment Group include the Consolidation of CalTrans, the Department of Motor Vehicles (DMV), the High Speed Rail Authority, the California Highway Patrol, the California Transportation Commission and the Board of Pilot Commissioners into a new Transportation Agency.

PUBLIC SAFETY

Public Safety Realignment (*Governor's Proposed Budget Summary, Pages 71-80*)

- The Governor's Proposed Budget assumes continuing funding for the overall 2011 Realignment program from two state sources – a state special fund sales tax of 1.0625 percent and Vehicle License Fees. The budget proposes an ongoing commitment of funding from these state sources to support the criminal justice responsibilities transferred to counties in 2011. The Governor is proposing an initiative to provide Constitutional protection for the revenue dedicated to 2011 Realignment.
- The Governor notes that there is insufficient information available at this time to assess whether the state's estimates of 2011 Realignment impacts are matching counties actual new workloads.
- The Proposed Budget proposes \$8.9 million for a second year of training efforts related to the implementation of AB 109 programs. Of this amount, \$1 million is for statewide training efforts. The remainder is for allocation to each Community Corrections Partnership to provide resources to review and amend plans based on the first year of program experience.

County Impact

- Total funds available for Public Safety Realignment – Unknown pending additional experience and changes to the county-by- county allocations yet to be determined for FY 2012-13.
- Total workload impact for Public Safety Realignment – Unknown pending additional experience. Additional information on current data can be found in the AB 109 – Public Safety Realignment Update memo sent to the Board of Supervisors on January 12, 2012.
- Additional training allocations to the Community Correction Partnership – Unknown.

Juvenile Justice Reform (*Governor's Proposed January Budget Summary, Pages 79-80, 128*)

- The Governor's Proposed Budget stops the intake of new juvenile offenders to the Division of Juvenile Justice (DJJ) effective January 1, 2013, shifting the responsibility to counties to manage all youthful offenders. The Governor's Proposed Budget proposes \$10 million General Fund in 2011-12 for counties to begin planning for this population. The 2011-12 Enacted State Budget included a trigger action to assess counties \$125,000 annually per juvenile offender in state custody beginning January 1, 2012 that was implemented by the Governor on December 15, 2011. To help with the proposed transition of all juvenile offenders to the local level, the state proposes to delay collection of these additional fees. Existing legislation requiring the assessment of fees may need to be amended.

Potential Concerns

- Increased number of juvenile offenders to be in the custody of the County effective January 1, 2013. Would require expanding a secured custodial program for housing wards with true findings for serious, violent and sex offenses.
- Probation facilities can house juveniles until age 21 whereas DJJ houses offenders to age 25.

County Impact

- Amount of one-time funds to county for planning activities to be determined.
- Ongoing fiscal impact of approximately \$4.5 million annually to house approximately 60 wards. The number of offenders will depend on actual numbers sentenced and those returned to custody. No further information is currently available on the future funding model to provide an appropriate level of resources to counties to address this fiscal impact.

Child Support - Suspend County Share of Collections (*Governor's Proposed Budget Summary, Page 123*)

- The Governor's Proposed Budget continues to suspend the county share of child support collections in 2012-13 on a one-time basis, as the State did on a one-time basis in 2011-12. The share of child support collections from counties is estimated to be \$34.5 million in 2012-13. Under this proposal, the entire non-federal portion of child support collections will be redirected to the State's General Fund.

County Impact

- This action reduces the resources Child Support uses to leverage available federal funding and will prevent the County from reinvesting these revenues locally.
- Potential total resource loss to the Child Support program of \$2 to \$4 million in FY 2012-13.

State Responsibility Area (SRA) Fire Prevention Fee (*Governor's Proposed Budget Summary, Pages 84 & 92*)

- The Governor's Proposed Budget assumes collection of proposed SRA fee included in Chapter 8, Statutes of 2011 and currently under consideration by the Board of Forestry and Fire Protection. The fee will impose an additional

charge of up to \$150 per structure located in the SRA, and is expected to generate General Fund savings of \$88 million in 2012-13. Included in the proposed budget are appropriations of \$84 million from the SRA Fire Prevention Fund as follows:

- \$76.3 million to the Department of Forestry and Fire Protection for fire prevention and emergency fire suppression. This includes \$9.3 million in increased appropriations and 28.5 state positions in FY 2012-13.
- \$6.5 million and 57 state positions to the Board of Equalization to collect the Fire Prevention Fee
- \$1.5 million to the California Conservation Corps.

County Impact

- It is estimated that millions will be collected from the San Diego region, though it is unclear how much of this money, if any, will be reinvested back to the County through the grant program for additional fire prevention efforts.
- County buildings within State Responsibility Areas that have living facilities may be subject to the fee, including fire stations, jails, hospitals or boarding schools for youth.

Suspend/Repeal State Mandates (*Governor's Proposed Budget Summary, Pages 160-161*)

- The Governor's Proposed Budget would suspend most mandates not related to law enforcement or property taxes, including two which impact Public Safety.
 - Redetermination of Mandate — Chapters 762 and 763, Statutes of 1995, created the Sexually Violent Predators reimbursable state mandate. In 2006, voters approved Jessica's Law (Proposition 83), which restated several of the provisions of the reimbursable mandate. The Administration will submit a request to the Commission on State Mandates to adopt a new test claim decision for the mandate to address any mandates imposed by the voter-approved initiative which are not reimbursable.

County Impact

- Unknown at this time pending the decision of the Commission on State Mandates. Current county reimbursements are in excess of \$700K annually.
- Delay of Program Participation Requirements for Specified Probationers— Chapter 219, Statutes of 2010, provided for enhanced sentencing of sex offenders. The Budget proposes to implement a two-year delay, from July 2012 to July 2014, of the requirement that probationers who are registered sex offenders participate in a sex offender management program. All the enhanced sentencing terms and parole lengths that were part of the bill, which essentially required longer sentences for sex offenders and in some cases longer/lifetime parole, will remain in place. No sentencing changes will result from this proposed program delay.

Unknown County Impact

2012-13 Budget Trigger Reductions (*Governor's Proposed Budget Summary, Pages 9, 82, 84 & 92*)

- In the event that the Governor's ballot initiative is not approved by voters, there are a series of trigger cuts that will go into effect January 1, 2013. The trigger cuts that impact public safety are:
 - The Department of Forestry and Fire Protection's firefighting capabilities (Cal FIRE) would be reduced by 10 percent (approximately \$15 million for FY 12-13). This would require cuts to the Department's fire protection services, including the closure of fire stations and reductions to the emergency air response program.
 - The Judicial Branch would be reduced by \$125 million in 2012-13 if the Governor's tax proposal is not approved in November. While the Branch would determine how to implement this reduction, it is the equivalent of court closures equal to three days per month.
 - The Department of Justice would be reduced by \$1 million in 2012-13. By 2013-14, this would eliminate the \$4.9 million General Fund resources proposed in the Budget for the Division of Law Enforcement.

Unknown County Impact

Reorganization of State Government (*Governor's Proposed Budget Summary, Pages 23-32, 82-83, 128*)

- The Governor's Proposed Budget eliminates, consolidates and restructures a number of state agencies. Among those slated for changes include the following:
 - The Proposed Budget eliminates the California Emergency Management Agency (CalEMA) and makes it an office reporting directly under the Governor. Consistent with the Administration's efforts to streamline state government, the Budget proposes to relocate the California Specialized

Training Institute, which offers specialized training in emergency management and criminal justice, from San Luis Obispo to more populated locations in northern and southern California.

County Impact

- Potential for minor savings associated with travel costs to attend training events.
- The Office of Traffic Safety: This proposal eliminates this Office and transfers the functions of distributing federal grants to state and local entities to the Department of Motor Vehicles to achieve efficiencies and reduce administrative costs.
- The Governor's Emergency Operations Executive Council: The Council provides coordination between state agencies and departments with a nexus to emergency response and recovery. This proposal eliminates the Council, but the Governor will retain the ability to convene this group on an as-needed basis.
- Establishes the Board of State and Community Corrections: Legislation associated with the 2011 Budget Act abolished the Corrections Standards Authority (CSA) and established the new Board effective July 1, 2012. The BSCC will assume the duties of the CSAS and certain public safety grant related responsibilities of the California Emergency Management Agency. The BSCC is designed as an independent entity providing coordination of statewide public safety policies. This budget makes those adjustments.